

Financial Statements

DICKINSON COUNTY SOLID WASTE
MANAGEMENT AUTHORITY

December 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name DICK.CTY.SOLID WASTE MGMT.AUTHORITY	County DICKINSON
Audit Date 12/31/04	Opinion Date 6/3/05	Date Accountant Report Submitted to State: 6/24/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

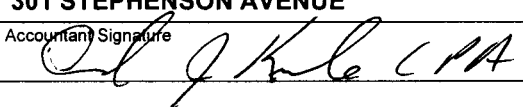
Certified Public Accountant (Firm Name) FLEURY, SINGLER & COMPANY, P.C.			
Street Address 301 STEPHENSON AVENUE	City IRON MOUNTAIN	State MI	ZIP 49801
Accountant Signature 		Date 6/23/05	

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Dickinson County Solid Waste
Management Authority
Quinnesec, Michigan

We have audited the accompanying basic financial statements of the **DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY** as of December 31, 2004 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Authority's Board of Trustees and management. Our responsibility is to express an opinion on these financial statements based on our audit.

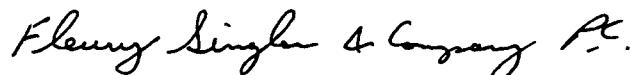
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the **DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY** as of December 31, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 2005, on our consideration of the **DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY'S** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note A, the **DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY** has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related statements, as of January 1, 2004.

The management's discussion and analysis is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the **DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY**. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation. However, we did not audit the information and express no opinion on it.



Certified Public Accountants
Iron Mountain, Michigan

June 3, 2005

DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Dickinson County Solid Waste Management Authority (the "Authority") is a joint venture of eleven municipalities located in Dickinson County: Cities of Iron Mountain, Kingsford, and Norway, Charter Township of Breitung, the Townships of Breen, Felch, Norway, Sagola, Waucedah, and West Branch, and the County of Dickinson. The primary role of the Authority is to provide for the management of solid waste for the residents of Dickinson County.

Within this section of the Authority's annual financial report, the Authority's management provides a narrative discussion and analysis of the financial activities of the Authority for the year ending December 31, 2004. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

The statement of net assets and the statement of revenue, expenses, and changes in net assets provide information about the financial activities of the Authority. The statement of cash flows presents detailed information about the changes in the Authority's cash position during the year. The notes to the financial statements disclose the Authority's significant accounting policies and additional information related to certain amounts included in the statement of net assets.

Financial Highlights

The amounts to be charged to the participating members will be equal to the Authority's cost of providing solid waste transfer services. The Authority prepares an annual budget to measure the ability to reduce total costs to its members (as opposed to the ability to accumulate financial resources). The costs charged to the municipalities (operating revenues net of other income) in 2004 were \$1,016,213. Disposal costs, net of a monthly deduct, included in operating expenses in 2004 were \$959,872.

There were no capital asset acquisitions or dispositions in 2004. The Authority did not incur any debt in 2004. Net assets were comprised of 1) capital assets of \$830,853, which include property and equipment net of accumulated depreciation and 2) unrestricted assets of \$501,056, the portion available to maintain the Authority's daily activities.

Financial Analysis

The following table presents condensed information about the Authority's financial position compared to the prior year:

	December 31		Change	
	2004	2003	Amount	Percent
Current assets	\$ 577,238	\$ 548,989	\$ 28,249	5.15%
Capital assets	830,853	865,909	(35,056)	-4.05%
Total assets	1,408,091	1,414,898	(6,807)	-0.48%
Current liabilities	76,182	75,429	753	1.00%
Total liabilities	76,182	75,429	753	1.00%
Net assets				
Invested in capital assets	830,853	865,909	(35,056)	-4.05%
Unrestricted	501,056	473,560	27,496	5.81%
Total net assets	\$ 1,331,909	\$ 1,339,469	\$ (7,560)	-0.56%

DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis (continued)

The following table presents condensed information about the Authority's revenues and expenses compared to the prior year:

	December 31		Change	
	2004	2003	Amount	Percent
User fees	\$ 1,016,213	\$ 938,939	\$ 77,274	8.23%
Other income	759	566	193	34.10%
Total operating revenue	1,016,972	939,505	77,467	8.25%
Disposal	959,872	909,319	50,553	5.56%
Administrative and other	63,285	65,762	(2,477)	-3.77%
Operating and maintenance	6,756	7,521	(765)	-10.17%
Total operating expenses	1,029,913	982,602	47,311	4.81%
Interest income	5,382	6,741	(1,359)	-20.16%
Total nonoperating revenue	5,382	6,741	(1,359)	-20.16%
Net loss	\$ (7,559)	\$ (36,356)	\$ 28,797	79.21%

Budgetary Highlights

The adopted budget for 2004 forecasted expenses in excess of revenues of \$25,860. This was a favorable increase of approximately \$23,000 from 2003. For ongoing operations, costs will be dependent on the volume of solid waste hauled. The 2005 budget forecasts expenses in excess of revenues of \$28,600. The budgets complied with the financial policies approved by the Authority's board of directors.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation as of December 31, 2004 was \$830,853. There have been no additions or dispositions to capital assets since 2002.

Contacting the Authority's Management

This financial report is intended to provide our members with a general overview of the Authority's finances and to show accountability for the money it receives from members and other sources. If you have questions about this report or need additional information, we welcome you to contact the Authority's office.

DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Assets

Cash and equivalents	\$	194,559
Investments		300,000
Accounts receivable		
Governmental units		31,290
Other		46,486
Prepaid expenses		4,903
Capital assets		<u>830,853</u>
Total assets		1,408,091

Liabilities

Accounts payable		76,127
Accrued payroll taxes		<u>55</u>
Total liabilities		<u>76,182</u>

Net assets

Invested in capital assets		830,853
Unrestricted		<u>501,056</u>
Total net assets	\$	<u>1,331,909</u>

The accompanying notes to financial statements are an integral part of this statement.

DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2004

Operating revenues		
Charges for services - User fees		\$ 1,016,213
Other income		<u>759</u>
	Total operating revenues	1,016,972
Operating expenses		
Disposal		959,872
Recycling		6,509
Repairs		225
Supplies		22
Depreciation		35,055
Administration		
Insurance		12,712
Office		199
Payroll		5,742
Postage		143
Professional fees		7,887
Service charges		589
Telephone		<u>958</u>
	Total operating expenses	1,029,913
	Operating (loss)	(12,941)
Nonoperating revenue - Interest income		<u>5,382</u>
	Net (loss)	(7,559)
Net assets - Beginning of year		<u>1,339,468</u>
Net assets - End of year		<u>\$ 1,331,909</u>

The accompanying notes to financial statements are an integral part of this statement.

DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

Cash flows from operating activities	
Cash received from members and customers	\$ 962,630
Cash received from other customers and sources	61,367
Cash payments to suppliers for goods and services	(988,959)
Cash payments to employees for services	<u>(5,740)</u>
Net cash provided by operating activities	29,298
Cash flows from investing activities	
Investment income	<u>5,382</u>
Net cash provided by investing activities	<u>5,382</u>
Net increase in cash	34,680
Cash and equivalents - Beginning of year	<u>459,879</u>
Cash and equivalents - End of year	<u>\$ 494,559</u>

Cash flows from operating activities	
Operating (loss)	\$ (12,941)
Adjustments to reconcile operating (loss)	
to net cash provided by operating activities	
Depreciation	35,055
Change in assets and liabilities	
Decrease in accounts receivable	7,025
(Increase) in prepaid expenses	(594)
Increase in accounts payable	751
Increase in other liabilities	<u>2</u>
Net cash provided by operating activities	<u>\$ 29,298</u>

The accompanying notes to financial statements are an integral part of this statement.

DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES

Dickinson County Solid Waste Management Authority (Authority) was created under the provisions of Act 233, Public Acts of Michigan, 1955, as amended in January 1993. The incorporating Municipalities creating the Authority are the County of Dickinson, the Cities of Iron Mountain, Kingsford and Norway, the Charter Township of Breitung, and the Townships of Breen, Felch, Norway, Sagola, Waucedah and West Branch, each located in the County of Dickinson, State of Michigan. The Authority consists of a Board of Trustees comprised of seven representatives from the Municipalities. The Authority was formed to provide for the management of solid waste for the residents of Dickinson County.

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America. The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Authority's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989. Effective January 1, 2004, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34).

Reporting Entity - Government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for an entity as a whole.

Fund Accounting - Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions or activities.

The Authority uses one **Proprietary Fund**:

Enterprise Fund - To account for operations (1) that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting - The accrual basis of accounting is used by the Authority, in which revenues are recorded when earned and expenses are recorded when the related liabilities are incurred. Operating income includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents - Cash and equivalents consist of checking and saving accounts and cash on hand. For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less are considered to be cash equivalents.

Investments - Investments are recorded at fair value, based on quoted market prices, and include certificates of deposit.

Accounts Receivable and Concentration of Credit Risk - The Authority extends credit to customers residing or operating within Dickinson County.

Prepaid Expenses - Prepaid expenses record payments that benefit future reporting periods and are also reported on a consumption basis.

Capital Assets - All capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. Capital assets are depreciated using the straight-line method.

Estimated useful lives, in years, for depreciable assets are as follows:

Building	40 years
Equipment	5-20 years

Net Assets - Unrestricted net assets represent the amounts available for budgeting future operations. Invested in capital assets represents capital assets acquired by the Authority.

NOTE B - DEPOSITS AND INVESTMENTS

The Authority's board of directors approves and designates authorized financial institutions in which funds may be deposited.

Petty Cash - The Authority maintains a \$200 petty cash fund.

Deposits and Investments - The bank balances, which include checking accounts and certificates of deposit, totaled \$494,319, of which \$300,000 was covered by federal depository insurance. Investments are categorized to indicate the level of risk assumed by the Authority at December 31, 2004. Risk Category 1 includes those investments that are insured, registered, or held by the Authority or its agent. Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department in the Authority's name. Category 3 includes investments that are held by the counterparty or the counterparty's trust department but not in the Authority's name.

NOTE C - RECEIVABLES

Receivables include amounts due from customers primarily for waste management services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts. There has been no allowance established as of December 31, 2004, as all receivables are deemed collectible.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>2003</u>	<u>Additions</u>	<u>2004</u>
Capital assets not being depreciated			
Land	\$ 140,000	\$ -	\$ 140,000
Capital assets being depreciated			
Building	731,713	-	731,713
Land improvements	30,971	-	30,971
Equipment	371,412	-	371,412
Subtotal	1,134,096	-	1,134,096
Less accumulated depreciation for			
Building	(191,187)	(18,219)	(209,406)
Land improvements	(2,295)	(353)	(2,648)
Equipment	(214,706)	(16,483)	(231,189)
Subtotal	(408,188)	(35,055)	(443,243)
Net capital assets being depreciated	725,908	(35,055)	690,853
Total capital assets - net of depreciation	\$ 865,908	\$ (35,055)	\$ 830,853

NOTE E - BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Administrator submits to the Board a proposed operating budget for the calendar year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budget is at the functional level.
2. Formal budgetary integration is employed as a management control device during the year.
3. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenses are budgeted by classification.
4. Budget revisions at this level are subject to final review by the Board. There were no budget amendments during 2004.
5. The Administrator submits a report to the Board each month during the year which compares year-to-date actual revenues and expenses with budgeted amounts.

NOTE F - ECONOMIC DEPENDENCE

A material part of the Authority's business is dependent on the business from a single customer, which could have a material effect on the Authority. For the year ended December 31, 2004, \$317,739 (31%) of revenues was attributable to the Great American Disposal Company.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE G - SOLID WASTE SERVICES OPERATING CONTRACT

On April 11, 1996 the Authority entered into a long-term operating contract with Great American Environmental Services, Inc. (d/b/a The Great American Disposal Company), a Michigan corporation (the Contractor). The Contractor will operate a Solid Waste Processing Facility (SWPF) for and on behalf of the Authority, and will acquire, construct and operate a solid waste transfer facility on property owned by the Authority and shall lease all or a portion of such property from the Authority for such purpose. The Contractor assumed operating responsibility for the SWPF for the provision of the solid waste processing and disposal, recycling, yard waste disposal and household hazardous waste disposal services. It is agreed that the only solid waste which may be disposed of in a type II landfill, household hazardous waste and yard clippings generated within Dickinson County, may be accepted for processing at the SWPF and the transfer station. The Contractor further agrees to transport to and dispose of in a licensed disposal facility not less than all of the municipal and commercial solid waste and the household hazardous waste processed initially at the SWPF and the transfer facility in accordance with, and to operate programs respecting recyclable materials, yard clippings and household hazardous waste in accordance with and in compliance with any applicable federal, state and county laws and regulations, including the Dickinson County Solid Waste Management Plan and the applicable solid waste management plan under Act 451 or other relevant law of the county in which the solid waste is to be disposed as the same is in force and effect from time to time. If at any time the Contractor provides waste collection within Dickinson County as an ancillary part of its business, such waste collected shall be processed at the SWPF or the transfer station prior to transportation out of Dickinson County by the Contractor for disposal. Also the Contractor agrees the solid waste, recyclable materials, yard clippings and household hazardous waste shall be accepted at the SWPF and the transfer station on a drop-in basis from Dickinson County residents.

During the term of the contract, the Contractor shall be responsible for all maintenance and repairs to the SWPF. Upon termination of the lease, the SWPF shall be returned to the Authority in good repair and working order. The Contractor shall not suffer or give cause for the filing of any lien against the SWPF. They also shall not make any permanent improvements to the SWPF, including installing or removing fixtures, without the Authority's consent.

The Contractor shall be responsible for billing the customers in the name of the Authority, at rates established by the Authority, and for collecting payment for disposal and other services provided at the SWPF and the transfer station. Payments shall be made to the Authority. A bill for solid waste, recyclable materials, yard clippings and household hazardous waste delivered by Dickinson County residents on a drop-in basis shall be rendered and paid at the time of delivery, payment to be in cash or by personal check or otherwise as permitted by the Authority.

In consideration of the operation of the SWPF and the transfer facility and for other services to be performed by the Contractor under the contract, the Authority agrees to pay the Contractor at an agreed upon rate per ton of solid waste processed and disposed of in the landfill less \$1,050 per month of operation (original contract). A cost escalation factor shall be applied to adjust the rate/ton on each anniversary of the contract based on various factors. The monthly deduct shall be subject to renegotiation at agreed upon times by both parties.

The contract shall be for a period of ten years commencing sixty (60) days after issuance by the Authority or June 9, 2006. The contract may be extended if elected to do so and may be terminated at an earlier date by the Authority in the event of a default by the Contractor of its obligations under the contract.

The Contractor agrees that it will not assign nor subcontract the contract or any part hereof and that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit another corporation to consolidate with or merge into it unless the Authority determines otherwise.

The Authority currently compensates GAD at the rate of \$54.61 per ton of solid waste processed less \$1,050 per month deduct for the period through May 31, 2005.

NOTE H - EXPLORATORY DRILLING AGREEMENT

On August 17, 2004, the Authority entered into a short-term agreement with Breitung Township which allowed the Township to complete a series of well tests on certain land owned by the Authority. The township was granted an exclusive option to purchase 15 acres of land from the Authority to explore and possibly develop a municipal well field. The Township was also granted an option to obtain permanent easements over additional parcels of land owned by the Authority for the limited purpose of development or operation of the purchased land as a municipal well site. As of December 31, 2004, the Township had performed some testing but had not acquired the land from the Authority.

COMPLIANCE AND INTERNAL CONTROL REPORT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Dickinson County Solid Waste Management Authority
Quinnesec, Michigan

We have audited the financial statements of **DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY** as of and for the year ended December 31, 2004, and have issued our report thereon dated June 3, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY'S** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **DICKINSON COUNTY SOLID WASTE MANAGEMENT AUTHORITY'S** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Fleury Singler & Company, P.C.

Certified Public Accountants
Iron Mountain, Michigan

June 3, 2005